



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Ortiz
Councilmember Candelas
Councilmember Jimenez

SUBJECT: SEE BELOW

DATE: 03/15/2024

APPROVED:

SUBJECT: MARCH BUDGET MESSAGE FOR FISCAL YEAR 2024-2025

RECOMMENDATION

Accept the Mayor's March Budget Message with the following amendments and additions:

1. Direct the City Manager to evaluate reallocation of a portion of Measure E revenue over a multi-year period for the provision of essential services to our unhoused residents and to meet stormwater permit requirements, while also ensuring there is still adequate funding to issue NOFAs to support new Affordable Housing development for New Construction, Acquisition, and Preservation, and any remaining affordable housing projects in the pipeline.
2. Direct the City Manager to develop an MBA that outlines how a potential shift in Measure E funds would impact the NOFA-waitlisted projects and provides alternative scenarios that would allow the City to continue funding projects in the pipeline.
3. Direct the City Manager to explore additional funding mechanisms for operations and maintenance to improve our Neighborhood Parks.
4. Direct the City Manager to identify modifications to existing regulations that will allow equity-based distribution of park impact fees throughout the city.
5. Direct the City Manager to explore ways to provide care for the pets of unhoused people living in new EIHS as they transition into permanent housing.
6. Direct the City Manager to develop an MBA to expand the TRUST (Trusted Response Urgent Support Team) program by funding a third TRUST team based in East Santa Clara County.
7. Direct the City Manager to prepare cost estimates for the planning and design of at least one emergency shelter to be located on a site identified by staff as part of AB 2339 implementation. Staff may provide cost estimates for additional sites at their discretion.

8. Direct the City Manager to identify programs in the Housing Element that have a positive fiscal impact, evaluate the feasibility of expediting implementation of these programs, and, if relevant, prepare an MBA detailing the resources necessary to implement these programs.
9. Direct the City Manager to prepare an MBA analyzing cost savings to the City associated with eliminating redundant or unessential positions in the Mayor's Office.

OVERVIEW

The Mayor's Budget Message presents the City Manager with the daunting and likely unachievable task of preparing a budget that resolves a \$52 million shortfall (presuming retention of \$23 million in one-time/limited period expenditures approved with the FY23-24 budget) and also introduces an extraordinary number of new or expanded services and programs, many of which have ambiguous scopes and unknown costs to the City. Nevertheless, we acknowledge that the Council must at some level provide direction to the City Manager to prepare a balanced budget, and, given the insufficient time the Council has had to appropriately review the Message, we reluctantly accede to the general framework proposed by the Mayor.

Measure E

The City of San José conducts an Annual Community Opinion Survey to collect feedback from residents about the quality of life in the City and to identify areas of improvement. In the latest survey, residents were asked to indicate the one thing that the city government could change to make San José a better place to live. The survey results revealed that the top three changes desired to be made were addressing homeless issues, providing more affordable housing, and improving public safety.

Although the survey results clearly indicate that providing more affordable housing is one of the top priorities for San José residents, the Mayor's March Budget Message seems to be shifting away from addressing this concern.

According to the City Audit on the Annual Report on City Services 2022-23, "The availability of affordable housing has continued to be an area of concern for San José residents for a number of years. In 2023, only 7 percent of surveyed residents rated the City's efforts in addressing homelessness as 'excellent' or 'good;' only 12 percent rated the City's efforts to facilitate the creation of affordable housing as 'excellent' or 'good.'"

The 2023 Homeless Census and Survey shows that 85% of homeless individuals lived in Santa Clara County when they become homeless, and 54% of homeless individuals are long-term residents who had lived in Santa Clara County for more than 10 years before becoming homeless. This further demonstrates that there is a need to continue to be proactive in its approach towards addressing affordable housing and prevent residents from becoming homeless in the first place.

We emphasize that, in the fall of 2023, our Housing Element was rejected by the State Housing and Community Development department (HCD) due to weakness in our affordable housing and anti-displacement programs. The rejection was a result of the department's assessment, which found that our programs lacked the necessary strength to effectively address the challenges associated with affordable housing and displacement.

The City should take the feedback from the survey seriously and continue supporting affordable housing.

Parks

In its current structure, the formula for funding Parks creates major gaps for Districts that have little development. This formula worsens already harsh realities for families living in underfunded Districts, where play equipment and turf are in such poor conditions that families choose to forego visiting their local parks.

We are concerned that the March Budget Message is not focused on addressing the over 600-million-dollar park maintenance backlog. Therefore, we recommend that staff explore additional funding mechanisms that create funding for operations and importantly, maintenance to improve our Neighborhood Parks.

T.R.U.S.T “Trusted Response Urgent Support Team”

Improving Public Safety is shared priority for many of us. To that end, the County’s TRUST program has a proven track record of success. TRUST’s team of responders includes behavioral health staff from community organizations who are specially trained to help people who need urgent help for mental health and substance use conditions.

As both the City and the County work to increase TRUST’s accessibility to the community, there is a critical gap in access to the service as the two existing teams – based in West San José and Morgan Hill - are not equipped to handle the volume of calls coming from East, North, and Central San José.

Therefore, we are asking the City Manager to produce an MBA that estimates the cost of a third TRUST team based in East San José to build the necessary capacity for Eastern Santa Clara County.

AB 2339

AB 2339 requires cities to allow emergency shelter by right in certain zoning districts and identify enough sites for sufficient shelter to meet the needs of unhoused people. City staff are already working diligently to implement AB 2339. We agree that substantial investment in shelter and housing will be necessary to address the humanitarian crisis in our City and to make progress in securing the stormwater permit. Consequently, we suggest leveraging the work we

are doing to implement AB 2339 to prepare cost estimates for the creation of emergency shelter on the sites staff will be evaluating for Council approval later this year.

Mayor and Council Office Budgets

We are concerned by the largely redundant function of many positions in the Mayor's Office, which generally duplicate efforts and work by Council Offices and by the City PIO. For instance, we call out the following roles:

- Deputy Director of Neighborhood Outreach – D2
- Neighborhood Outreach Coordinator – D3
- Neighborhood Outreach Coordinator – D5
- Neighborhood Outreach Coordinator – D8
- Neighborhood Outreach Coordinator – D7
- Neighborhood Meet & Greet Program Coordinator - D1 & 6
- Community Outreach & Office Compliance – D4
- TogetherSJ & Community Outreach (2 budgeted positions)
- Communications Specialist
- Digital Media & Communications Specialist (2 budgeted positions)
- Speechwriter
- Security Detail

We would request, at a minimum, that the Mayor provide a clear justification for these positions when Council Offices and the City PIO already respond to constituent concerns, attend neighborhood association meetings, provide information about City business to the community, and perform or organize clean-up efforts. We also are uncertain about the need for dedicated security detail solely for the Mayor. We request that the City Manager review the methodology for the allocation of funding to Mayor and Council Office budgets and provide recommendations.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.